It's Not Just You — Blank Street Coffee Is Suddenly Inescapable

Built around high-volume automated espresso systems, the rapidly expanding coffee shop has caught the attention of skeptical New Yorkers.

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In August 2020, a tiny, seafoam-green, electric-powered coffee cart opened in Williamsburg, Brooklyn, advertising local pastries and bagels and coffee beans. On Wythe Avenue, in the heart of one of New York City's most coffee-saturated neighborhoods, another cute spot to buy an iced latte wasn't cause for commotion.

But looming behind that friendly little vehicle, labeled <u>Blank Street</u>, was a stack of market research, venture capital and new technology.

By this summer, New Yorkers across boroughs had noticed a new coffee chain multiplying faster than <u>shark sightings</u> at Rockaway Beach. No longer just a cart, the business has appeared in compact storefronts in residential neighborhoods in Brooklyn and near tourist attractions in Manhattan, on Midtown's busy corners and in SoHo's shopping drags. In just two years, Blank Street has opened 40 shops in the city, more than any locally owned competitor.

The rapid expansion has piqued the interest of New Yorkers, who became especially alert to changes in the streetscape during the pandemic. When word got out that Blank Street is not an independent chain like <u>Variety</u> or <u>Bean & Bean</u>, but an enterprise with global ambitions backed by private equity financing, many became curious — and sometimes suspicious.

Five of the 40 shops that Blank Street has opened in New York City since 2020.

"It felt like they were following me all over the city," said Nadia Sokolova, a student pharmacist who goes to school in Downtown Brooklyn and became a Blank Street regular. "Eventually I had to find out what was going on."

The coffee was "good enough" she said, and the price was right: A 16-ounce Blank Street iced latte costs \$4.25; at Dunkin', \$3.75; and at Starbucks, \$5.50.

That curiosity-to-loyalty arc was all part of the plan for Issam Freiha, 27, and Vinay Menda, 29, Blank Street's founders, who moved to New York for college and came to the coffee business not from behind the espresso machine, but from the world of tech start-ups.

Acquaintances since high school at the <u>American School of Dubai</u>, they worked together at a venture capital fund in Manhattan while honing the prototype for Blank Street: a micro-cafe that would be cheaper and more welcoming than Starbucks, with better coffee than Dunkin' and more ubiquitous than any independent coffee shop or chain.

"We don't need to be the most amazing cup of coffee you've ever had," Mr. Freiha said. "We want to be the really good cup of coffee that you drink twice a day, every day."



Issam Freiha, left, and Vinay Menda are the 20-something entrepreneurs who started Blank Street in 2020. Vincent Tullo for The New York Times

But Blank Street's attempt to create cutting-edge, streamlined shops with an

independent vibe has brought it up against some tenets of the craft-coffee movement: to highlight the work of the barista and the quality of the beans, and to create spaces to linger in as you appreciate each cup.

Rather than a place to catch up with friends or labor at your laptop — a "third place," as popularized by Starbucks — a Blank Street store is a cozy pod built around a high-volume automated Eversys espresso system, designed to get customers in and out quickly and to allow baristas to focus more on customer service than on coffee. With incentives to preorder through an app, stores typically run with only two employees per shift. Most Blank Streets are less than 350 square feet, the size of a smoke shop, a cellphone store or a bare-bones deli.

The pandemic, which wreaked havoc on so many small businesses, freed up storefronts and briefly lowered rent costs, helped Blank Street expand with conspicuous speed during its first year. "We went where the people are," said Mr. Menda, emphasizing that they've targeted locations near busy subway stops in residential and commercial neighborhoods.

To fuel that growth, Blank Street <u>raised</u> \$67 million last year; investors <u>include</u> high-profile venture capital funds like <u>General Catalyst</u> and <u>Tiger</u> <u>Global</u>, the founders of Allbirds and Warby Parker, and the real estate giant <u>Tishman Speyer</u>.

Blank Street is trying to build a cutting-edge, streamlined version of a coffee shop, but with a craft-coffee vibe. Vincent Tullo for The New York Times

With that kind of backing, Mr. Freiha and Mr. Menda had anticipated rapid growth. They did not anticipate that by debuting in Williamsburg and advertising their support for local business, they would invite the kind of scrutiny normally reserved for Met Gala outfits and Mets pitchers. Skeptics, who see Blank Street as an avatar of gentrification and automation, and

resent the use of Wall Street money to compete with local businesses, have aired their objections on social media.

"Blank Street is a tech company," wrote one commenter on TikTok. "They just Xerox-copy shops on every block of NYC." Others shrugged. "Do you really care how your iced coffee is made as long as it's good?" another asked. "I don't."

Jalen Williams, a product support engineer, stopped going to Blank Street soon after the very first brick-and-mortar shop opened on Bedford Avenue in his neighborhood. "People realized they were just here to check the Williamsburg box," he said.

Emerging from an <u>Everyman Espresso</u> shop in Park Slope, Brooklyn, last month, David Lieber, a customer, lamented what he saw as Blank Street's targeting of a neighborhood standby.

"They opened right across the street from Everyman," he said. "That's not a coincidence."

In April, after Mr. Menda told the newsletter <u>Air Mail</u> that Blank Street had chosen Williamsburg because the neighborhood didn't have "many other options," the pushback increased.

"We were focused on coffee and quality," Mr. Menda said, conceding that real-world commerce is more complex than it appeared in their business plan. After relationships with local bagel and coffee suppliers faltered, they revised their core message from the grandiose "reinvent local commerce to better serve our customers and neighborhoods," to the more basic "great coffee should be priced and located in a way that makes it part of your every day."

The founders say that automating most of the coffee-making process frees up its employees for customer service. Vincent Tullo for The New York Times

Big-money infusions into craft coffee are nothing new. In 2017, the Chicago-based chain <u>Intelligentsia</u> was bought by <u>Peet's Coffee</u>; both were later absorbed by a German holding company that went public in 2020, valued at more than \$13 billion. New York City's homegrown <u>Joe Coffee</u> is partly owned by Danny Meyer's <u>Enlightened Hospitality</u>; in 2017, Nestlé <u>acquired</u> a majority stake in the Bay Area-based <u>Blue Bottle Coffee</u> for a reported \$425 million.

But a chain of cafes focused on efficiency, designed by entrepreneurs rather than experienced baristas or roasters and funded by venture capital is fresh to the U.S. market.

Blank Street's growth plan included hiring top executives from rapidly expanding global chains like <u>Bluestone Lane</u> and <u>Paris Baguette</u>. The company, valued at \$218 million according to PitchBook, has already expanded to Boston, as well as internationally, with five stores in London.

Mr. Freiha and Mr. Menda declined to say how much the <u>Eversys</u> machines, the core of their business model, cost. But the Swiss company's ShotMaster Pro, which can make 700 espressos per hour, eight at a time, sells for about \$50,000 — about what it costs to employ one barista for one year in New York City, where the minimum hourly wage for tipped service workers is \$12.50. (Blank Street pays \$23 to start, and says workers earn an average of \$28 an hour with tips.)

With its reliance on automation, Blank Street clumsily, and unknowingly, stepped into the continuing debate over the definition of good coffee, which has raged since 2002 when the California roaster Trish Rothgeb, borrowing from the evolution of feminist movements, coined the term "third-wave"

coffee."

Most of the coffee is made by an automated system, but baristas still have to steam special kinds of milk, like pistachio. Vincent Tullo for The New York Times

First came the mildly roasted mass-produced diner coffee made from low-to-middling-quality beans, which made up most Americans' daily dose. The second wave crashed in the 1970s, when the same consumers who bought Cuisinarts and ate at Chez Panisse began embracing premium, dark-roasted beans and European brewing gadgets like Moka pots, Melitta filters and French presses.

Starbucks kicked off the third wave, popularizing espresso drinks and reinventing them for American tastes, paving the way for the Blue Bottles and <u>La Colombes</u> of the world.

The waves get messy after that. The fourth wave may reflect the technology-driven quest to brew the perfect drink, or the justice-driven quest to procure beans that sustain both the planet and the people involved in coffee's long trip from bean to cup.

In any case, "Blank Street may well be the fifth wave," said Jeffrey Young, the chief executive of World Coffee Portal, a market research business in London, who says the company's progress is being closely watched by competitors everywhere.

Coffee consumers, he said, may have tired of wondering whether their coffee is single-origin, shade-grown, Aero-pressed or poured-over.

"The pioneering has been done, the preciousness is gone," he said. "If the global industry is ready to embrace automation, that will be a huge shift."

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An earlier version of this article misstated the payments Blank Street accepts. While it had operated on a no-cash payment system, it started taking cash in July.

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